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ABSTRACT

This workshop, concerning private funding for the arts, resulted from a previous research workshop (Munich, 1983) which had concluded that growth in public sector arts financing in Europe had ceased. A major conclusion of the 1985 workshop was that private funding had entered a high development phase, but participants were encouraged to develop all potential funding sources. Businessmen attending the workshop stressed that, even during periods of scarce resources, the arts should be exempted from public expenditure cuts and that private funds should be utilized to supplement public funds. A major area of increasing financial support is through business sponsorship. Participants believed that this type of private sponsorship could lead to self-reliance and independence for the arts. The workshop also recognized: (1) businesses' continuing responsibility in the community; (2) the synergy between the arts and business; (3) the economic implications of the arts with regard to employment; and (4) the role that business firms play in fostering cultural development. (JHP)

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PRIVATE FUNDING OF THE ARTS

by John Myerscough

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CULTURAL POLICY

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PRIVATE FUNDING OF THE ARTS

The report of the Research Workshop on the Private Funding of Culture (Rüschlikon/Zürich, September 1985) by John Myerscough, Rapporteur General of the meeting, is now available in English and in French. The full text on this report is given below.

Background

The impetus for arranging this workshop at Rüschlikon on the "private funding of the arts" came from a previous research workshop on the wider theme of the "financing of cultural policy", organised by the Bavarian Ministry of Education and Culture under the auspices of the Council for Cultural Co-operation of the Council of Europe at Munich in 1983[1]. The Munich workshop established that the growth in public-sector financing of the arts (especially at the national level) had for the most part levelled off in Europe. One response to the uncertain prospects for public funding of the arts was the search for alternative sources of finance and the subject of private funding aroused great interest, because it seemed to be an expanding area, which afforded opportunities for growth and flexibility in the face of restricted public budgets. As part of an evolving pattern of "plural" funding, private finance was one of the most relevant issues, which should be examined by means of a workshop to consider the organisation of private giving, the aims and effects of business sponsorship and the reactions of arts organisations and of the public authorities to new modes of finance.

The workshop, which was organised by the Federation of Migros Co-operatives in co-operation with the Council for Cultural Co-operation of the Council of Europe, and chaired by Mrs A Kowner (Migros), heard fifteen papers presented by administrators from the worlds of opera, drama and galleries, by businessmen from the manufacturing and service sectors and by representatives from national associations concerned with business sponsorship, as well as by public officials. Such a diversity of backgrounds represented an unusual and invaluable input into the affairs of the Council of Europe. The workshop was, thus, exceptionally rich in the practical experience of arts funding, from both the recipient's and the donor's point of view. A mix of academic research and practical experience had contributed to the value of the Munich research workshop, but researchers were very few in number at Rüschlikon, perhaps because the subject is too new. No general studies have been undertaken of the role of private giving to the arts in Europe[2]. More seriously, there are no available comparative statistics on the phenomenon and the few existing estimates for the scale of sponsorship in one or two countries are little more than informed guesses. In these cirumstances, the main inputs into the workshop were the views and experience of people involved in the arts. A leavening of independent research was missing. It is not surprising that a need was felt for research, especially the compilation of statistical information, as a basis for a full evaluation of the impact of private funding of the arts, and it is hoped that the workshop will have encouraged initiatives in that direction.

Private funding: consumers' expenditure

The workshop adhered closely to the theme of private contributions to the subsidised arts, arising from corporations, individuals and independent foundations. But it was helpful to be reminded at the outset by Ruth Towse from the United Kingdom that the prime source of private funding for the arts came from the consumers' expenditure on tickets and admission charges. Some positive trends were evident towards the

1) The papers of the workshop were published by the J. Myerscough (ed.): *Funding the Arts in Europe*, Policy Studies Institute, London, 1984, 163 pp. (English version) and by the Council of Europe: *Comment financer la culture? Méthodes et moyens dans cinq pays européens*. Strasbourg, 1984, 71 pp. (French version)

2) For a study of the USA see A. L. Feld, M. O'Hare and J. M. Davidson Schuster, *Patrons Despite Themselves: Taxpayers and Arts Policy*, New York University Press, New York, 1983.

more effective exploitation of income from the box office and other trading (shops, concessions, fees and rights' exploitation), which did not necessarily conflict with open-access policies in the arts. Furthermore, Mr Piplits from Vienna described some new ways of bringing private investment into theatre production and the growing interpenetration of public and private finance in the theatre (especially in Britain where transfers from the subsidised to the commercial stage are common) seemed an important development. Whilst it was not the main purpose of this workshop to discuss these matters in any detail, the subject of "changing for the arts" would make a valuable theme for a future workshop exchanging and comparing experiences on an inter-country basis.

Private contributions

It was a major conclusion of the workshop that private funding of the arts hat entered a high phase of development. There is a rising tide of contributions being sought (and won) form the private sector together with the devising of new forms of financial support.

Of the main potential sources of support, little was said during the workshop on the role of private individuals. In the USA over 80% of private contributions to the arts and humanities come from private individuals. The institutions and habits of private individual giving to the arts are less developed in Europe and they hardly exist at all in France und Italy. Something of an exception are the associations of "friends" who provide income and support of various kinds for a large number of museums and for a growing number of performed arts organisations. These bodies can attract very significant numbers of adherents (35,000 in the case of the *Royal Academy of Arts* in London). The numbers which support heritage and environmental causes in the United Kingdom are even higher, with the *National Trust's* membership amounting to more than one million. Thus, Piers Rodgers of the United Kingdom explained that, whilst making bodies of "friends" and keeping them happy can be an considerable expense, they bring a measure of financial stability to arts organisations, as well as providing a basis for wider support.

Other facets of private individual giving which were referred to by various participants in the workshop include:

- General fund-raising campaigns (more likely to be successful where the aims are precise and limited to specific projects);
- Building appeals (the refurbishment of the *Concertgebouw* was cited);
- Endowment drives (to increase the financial resources of an arts organisation; see also (a) above);
- One-off large donations (usually windfalls; difficult to plan);
- Legacies (an under-exploited resource).

It is impossible to say for certain what the levels and trends are in respect of giving to the arts by individuals. There is some fragmentary evidence of a relatively strong philanthropic tide in the United Kingdom. For example, the income of a sample of 89 charities rose by 46% from 1982 to 1983. By the same token, charitable donations from corporations may well also be on the increase. Corporate patronage is deeply rooted in the Federal Republic of Germany and other parts of northern Europe as a means of establishing social links with the local community and as an element in welfare provision for employees and their families. The arts' share of corporate philanthropy is not known. But at least in Rüschlikon no evidence was forthcoming of any decline in patronage, despite the growth of sponsorship, which some feared may be taking place at the expense of corporate charity budgets.

Business sponsorship

The main area of increasing financial support for the arts is the phenomenon of business sponsorship and the workshop concentrated most of its attention here. It is again impossible to be precise, but sponsorship of the arts began in Britain in the late 1960s where it followed the example of sports sponsorship. Colin Tweedy of the United Kingdom explained that sponsorship accelerated in the late 1970s, reaching £15-20 million (equivalent to 5% of public expenditure on the arts) in 1985. In France, the rise of sponsorship is more recent and, according to Christophe Monin, has been accompanied by a remarkable change of attitudes on the part of the arts institutions. He estimated that sponsorship had risen to £12 million by 1984 and he expected it to double by 1986. The 1984 figure was the equivalent of 1% of public expenditure on culture in France. The workshop heard evidence of the sponsorship idea spreading throughout Europe, attracting practical interest and political support in the Netherlands, Italy and Belgium, but also in Switzerland, Spain, Sweden, Portugal and Finland.

Support for sponsorship has been encouraged by the creation of three national associations: the *Association of Business Sponsorship of the Arts (ABSA)* in the United Kingdom established in 1976; *ADMICAL* in France, 1983; and *Stichting Sponsoors voor Kunst* in the Netherlands, 1983. These are each private organisations, founded on the initiative of the business community. They do not usually function as grant-awarding bodies or as match-maker between sponsors and cultural organisations, but they have an important role in trying to convince firms of the value of sponsorship. They can also play a part in ensuring good liaison between public authorities, private interests and arts institutions. Sweden and Belgium are considering creating similar organisations and, whilst recognizing that it might be more difficult for federal countries, it would seem likely that in due course a network of sponsorship associations will extend across Europe.

Definition of sponsorship and its aims

The reasons for expansion of sponsorship lie in the practical difference between business sponsorship and corporate patronage. As Colin Tweedy explained, the essential point is that business sponsorship is designed to benefit the giver as well as the recipient. Patronage implies the equivalent of a private gift, with no expectation of a direct or indirect return. On the other hand, in sponsorship the recipient organisation provides some form of service, usually a promotional or marketing facility. Business sponsorship of the arts is thus a commercially-justified mutual relationship between a corporation and a cultural organisation and it gives access to the marketing budgets of a firm (as opposed to the charity or community budgets). By introducing a commercial rationale into cultural contributions, it was argued, sponsorship has opened up a fast-growing stream of financial support for the arts.

It is worth summarising the main objectives and characteristics of sponsorship as described to the workshop. In practice the types of sponsorship arrangements are very diverse and they can cover sponsorships in kind (seconding staff, providing transport, equipping premises etc), as well as financial support. J. Fransman of the Netherlands gave a clear explanation of the benefits which attract corporations to sponsor the arts:

a. Corporate image enhancement (through favourable association with an arts organisation);

b. Entertainment opportunities (relating to marketing, lobbying or personnel development);

c. Improving employee relationships;

d. Developing community involvement.

Whereas the first two aims relate to specific marketing objectives, (c) and (d) may have an effect in the medium or long-term on the efficiency and environment of the business operation. Of course, the latter two aims may be almost equally well-described in terms of the social responsibility of business, a point to which this report returns in paragraph on *sponsorship and patronage* below.

A number of participants observed that the new phenomenon of sponsorship is already acquiring greater sophistication, as sponsors define more precisely their objectives. There is a trend away from general sponsorship (say, of an arts institution) towards more specific packages, such as particular productions, or a run of performances. Special events, tours, educational and youth projects are popular with sponsors. Occasionally, sponsorship is related to product-promotion. However, the common view is that sponsorship should not be confused with advertising.

Criticisms

For common criticisms of sponsorship were voiced at Rüschlikon. They are that sponsorship:

- Concentrates on the safer and more glamourous areas of the arts;
- Is a headquarter's phenomenon of multinational firms with no general value to business;
- Fluctuates with the prosperity of companies and is consequently unreliable;
- Expercises an undue influence over arts organisations.

It is probably true at least in the early stages of sponsorship that it tends to concentrate on the safer areas of the arts. Further research is needed on the detailed content of sponsorship projects.

But a tentative summary of the experience described during the workshop might be that festivals, concerts and temporary loan exhibitions, and, in some countries opera, are popular targets. Drama seems everywhere to have less appeal. The higher profile and supposedly superior standards of the major arts institutions are obviously an attraction to sponsors, as they also are to the providers of public funds. Colin Tweedy described how more "mature" attitudes to sponsorship seem to be emerging, in which companies wish to include a range of different activities within a sponsorship portfolio, *Citibank*, for example, in the UK sponsors both new productions at the *Royal Opera* and small dance groups. Sponsors have also learnt that a "rifle shot" approach to small, specialist audiences can be very cost-effective and that the "corporate image" can benefit from some association in a broad sponsorship portfolio with unconventional or difficult arts, provided the quality is high. Christophe Monin also gave instances of the preference by some French companies for sponsoring contemporary art. It was further pointed out that where sponsors preferred to support "safe" productions, this could be used to release money for other more adventurous activities elsewhere in a festival or a season. Each arts organisation will make its own arrangements and most will be able to benefit from this "displacement principle".

With regard to the type of companies attracted to sponsorship, multinationals have usually been prominent in the early stages of sponsorship, often more so than national companies. In the UK, where banks, tobacco companies firms, oil companies and insurance firms were to the fore, interest has now broadened to smaller companies and to regional and local enterprises. Some equivalent experience in France lend support to the view that there seemed considerable scope for sponsorship to spread throughout the business community appealing to both large and small firms.

The alleged unreliability of sponsorship also seems to be a teething problem, rather than an intrinsic feature of this mode of arts finance. Some sponsors are willing to enter into long-term arrangements with arts bodies, in which case, as Philippe Charpentier of *IBM* explained, it is important for sponsors to give adequate notice of withdrawal. Most sponsors prefer one-off projects. But as the market for sponsorship expands and the number of participating films increases, the replacement of sponsors becomes an easier process. But the workshop was constantly reminded that sponsorship is never free from effort.

The fourth criticism was that sponsors exert an undue influence in the affairs of arts organisations. The workshop took the view that on the whole there is no reason to fear the sponsor. There is no evidence that sponsorship is more difficult in this regard than public funding. Hannes Strasser of the Zurich Opera argued that the sponsor paid too little to exert much influence. Piers Rodgers of the Royal Academy of Arts in London claimed that artistic integrity is not compromised by accepting sponsorship. The ideas for exhibitions exist before sponsors are chosen. Even withholding support is not necessarily sinister, as priorities change and timing can be a problem. A safeguard can be found in a "plural" approach to sponsorship, maintaining links with a diverse array of contributors. The desire to influence artistic policy is nor usually a determining factor for interest in sponsorship. Philippe Charpentier explained that IBM sought to act as a catalyst and not to initiate projects. IBM chooses from what is available and responds as appropriate to suggestions. In contrast, Olivetti takes a close interest in the details of the initiation of a project, often using its own resources, for example, in the design of an exhibition. Mauro Broggi, from *Olivetti* suggested that this process should be termed "cultural promotion". It is an aspect of corporate image making and is not the same animal corporate enhancement through sponsorship.

To sum up, with regard to the four common criticisms of sponsorship, it would appear that those countries and arts organisations with the longest experience of sponsorship seem to have the least fears on each of these scores. In this context, Rüschlikon was impressed by the value of sponsorship handbooks, such as that produced by ABSA, in consultation with the public authorities and arts bodies. These provide useful instruction in good sponsorship practice and seem to render unnecessary the imposition of cumbersome codes of practice, such as have been proposed in some quarters. The workshop also recognised that some people in the arts have a deep distaste for sponsorship money. But Carla Fohrbeck from Bonn, who summarised Hilmar Hofmann's paper in his absence achieved agreement for her views that, whilst arts bodies are perfectly free to reject money from any particular source, sponsorship in general was no more "tainted" than any other form of legal contribution to the arts.

Longer-term influences

Thus far the workshop was concerned with the short-term problem of "interference" in the work of arts organisations. The long-term consequences of an increase in sponsorship for the artistic policies and management of arts organisations were another matter. There was insufficient evidence available for a deep discussion of this issue. Some participants expressed the hope that sponsorship would bring the arts closer to the public. Others feared that sponsorship would slowly stultify artistic creativity, yet the very same criticism had been levelled against public funding. Similar divisions of opinion existed on the influence of sponsorship on the management of arts bodies. On the basis that it is normal for artists to take account of the wishes of those who provide the finance, including public funders, perhaps there is little cause for anxiety in the growth of private funding, but it may be still too soon to say.

Public funding

Before turning to the perceived benefits of private funding of the arts, it is worth recalling some of the drawbacks of public funding as identified in the Munich workshop. The problems were:

- Political factors could introduce bias and discontinuity into funding.
- Public funding is susceptible to economic fluctuations and could vary with circumstances.
- The inflexibility of public funding makes new developments difficult to achieve quickly, if at all.
- There is no guarantee that public funds reach the low income and minority groups; it is difficult to avoid funding the educated elite.

Benefits of private funding

The attitude towards private support for the arts was generally positive at Rüschlikon, especially when viewed in the context of an evolving pattern of "plural" funding. A number of specific advantages, both financial and non-pecuniary, were identified. They can be listed briefly as follows:

- Private funding provides finance over and above public funding and permits activities and developments which would not otherwise be carried out.
- Private money is often more immediately and directly available, unencombered by the bureaucracy surrounding public finance.
- It broadens the base of support for the arts, providing contacts with new sections of the community, including new audiences, and extends the sympathetic understanding and informed appreciation of the work of arts bodies.

- It does good for the arts to be brought into contact with people who see things in a different way, and contact with the business community can improve the advertising and financial management of the arts.
- Access even to small private resources strengthens the ability of arts institutions to resist unreasonable demands (from any direction) and reduces vulnerability to the abrupt reduction or withdrawal of funding from one quarter.

The above benefits contribute to the greater self-reliance and independence of the arts, with an attendant increase in the scope of artistic and managerial freedom.

Good sponsorship has the further advantage of clear contractual arrangements, in which both the artistic and commercial objectives (including target audiences) are specified in detail. This should guarantee mutual respect for the interests and objectives of all parties to the sponsorship. Sponsorship arrangements between reluctant partners are pointless. Some artists even prefer sponsorship to patronage because with sponsorship they know exactly where they stand! Sponsorship/advertising agencies habe a valuable role as match-makers, but the detail of the sponsorship is best negotiated and administered by the institutions directly involved, which maximises the mutual benefit and prevents misunderstanding. A number of speakers at the workshop argued the need for a greater degree of professionalism on the part of firms and arts bodies over sponsorship. Christophe Monin wanted to see introduced high-level training courses in sponsorship methods.

Sponsorship and patronage

The essence of the sponsorship idea is that it appeals to businesses which might not otherwise be conscious of their social responsibility. Of course, in practice, the distinction between business sponsorship and corporate patronage is not necessarily so clear-cut. The two concepts overlap to varying degrees in different countries. Sponsorship, in any case, can and often does run alongside charitable giving to the arts in the same companies. The degree of distinction drawn between the two concepts also depends to some extent on the tax treatment of the two forms of support. In Britain, where the tax deductibility for sponsorship as a business expense is quite different from the tax treatment of charitable giving, the distinction has acquired a sharp operational meaning. In Germany, the two concepts remain more blurred, in part because of the relatively strong tradition both of direct welfare provision in the cultural field by companies for their employees and their families (as at *Leverkusen by Bayer* and at *Hoechst*) and of local contributions to cultural organisations through name-associated charitable foundations. Thus, Dr. Bernhard Freiherr Loeffelholz von Colberg of the *Dresdner Bank* described how the bank supported the arts by means of a direct company budget, the *Jurgen Ponto Foundation* and the commercial facilities of the bank (loans to musicians for the purchase of instruments), not to mention making available bank buildings for exhibitions.

The case of the *Migros* organisation illustrates another approach to corporate support for culture, not encompassed in the strict interpretation of the term "sponsorship". The Migros regional co-operatives contribute 0.5 per cent of their retail turnover and the Federation of Migros co-operatives 1 per cent of its wholesale turnover for cultural purposes. The organisation thus assumes a broad cultural responsibility with the aim of drawing together commercial activities and social life. But Migros also believed that, by investing in cultural development, it can improve the environment for commerce. Pierre Arnold of Migros allowed that a business benefit springs from the very understated way in which the service Migros renders is advertised.

Cultural and material values

Thus, the positive interaction of material and cultural values was a major theme of the discussion at Rüschlikon, which was reflected in the range of views from Olivetti, to IBM and Migros, as well as those of the hard-nosed advocates of sponsorship. By the same token, Jurriaan Fransman described new feeling among companies in the Netherlands where there is no tradition of welfare provision by the business community, that corporate strategies must encompass a wider range of objectives than the short-therm search for monetary profit. Similarly, Christophe Monin argued that corporations in France now wished to come into contact with their environment. An understanding of the deeper synergy between the arts and business brought benefits to both parties.

Public and private co-operation

Apart from the philosophy and practice of private funding and the need for businesses to have a concern for cultural development, the deliberations of the workshop also covered the implications for public policy of the rise of private funding of the arts, and how co-operation between the public and private spheres might be further improved. The discussion fell into three areas: the political support for sponsorship; problems in the management of public funding arising from the success of private contributions; and the best means at encouraging the growth of private contributions.

Politics

First, at the political level, it was noted that, despite some initial reservations (understandable in the light of the generally strong tradition of public financial support for the arts), attitudes to the role of private contributions were now more favourable across Europe. Political encouragement for the growth of private funding, especially sponsorship, had begun in the UK, with so far the most positive results[3], but France, Italy, Belgium and parts of the Federal Republic of Germany had followed suit. Nor was political encouragement restricted to governments of the right. In the UK, the initiative to launch ABSA in 1976 was supported by a grant from a socialist government and the left wing administration in France had also backed the growth of business sponsorship. In Sweden, where scepticism about private support had been greatest, more positive policies towards business sponsorship had now been formulated, following the lead of the business and the artistic communities.

Interaction of public and private finance

Second, a discussion of the relationship of public to private funding centred on the fear of arts institutions that any success with private contributions might be used as a pretext for reducing public expenditure on the arts. It is important for governments to reassure the arts community that private contributions will be regarded as a supplement and not as a substitute for basic public financial provision. Otherwise, the incentive to raise sponsorship will be weakened. In fact, there seemed to be little evidence that governments and grant-awarding bodies had behaved punitively to arts organisations successful with private contributions. Indeed, pluralism seems to have strengthened the defence of the art. Success with private funding, and the improved artistic programms which spring from this, have made it easier for arts organisations to defend their public financial allocations, not least because of the broader base of public support which sponsorship brings.

3) See House of Commons Select Committee Education Science and Arts, Eighth Report Session 1981-1982, *Public and Private Funding of the Art*, HC 49-I, II and III, HMSO, 1982.

Nevertheless, some public officials at Rüschlikon foresaw difficulties, when success with sponsorship gave financial advantages to particular organisations, or sectors of the arts. Those arts bodies which were less well placed to win sponsorship might press for compensatory reallocations of public money drawn from the favoured areas. These pressures may be strongest where the public policy is to achieve a relatively even spread provision of the arts. Others foresaw difficulties arising when sponsors enable desirable developments to take-off, but later turn to other activities. For example, *Volvo* is sponsoring twenty extra players of the *Gothenburg Symphony Orchestra* and intends to hand over the responsibility to public authorities in five years' time. This forces the hand of the public authorities who may well have other plans. Thus, insofar as private funding introduces new imbalances in the financial cirumstances of different sectors of the arts, it sets problems for the planning of public spending in the arts.

However, the workshop generally took the view that these problems represented a technical challenge to the public authorities and did not constitute a fundamental objection to private funding. Similar problems already existed for policy-makers in relation to the earned income from the box office of arts organisations. It was inevitable (and according to some also desirable) that more variety should enter into the pattern of funding and provision when a new funding source was being exploited. Such competitive inequalities would not be to the disadvantage of the arts as a whole. But it was important to ensure good liaison among all the interested parties.

Two suggestions were made (and dismissed by the workshop) for introducing regulation into the relationship between public and private funding. The first idea was to spell out "spheres of responsibility" between public and private funding. In a sense stopping sponsorship being seen as part of "core" funding was already such a thought. But, the workshop held that this would be unduly restrictive and inoperable in practice. The "plural" approach meant that a variety of arrangements will prevail and it is for the public sector to react accordingly. It would be undesirable (and probably unacceptable to the politicians) for public money to be marginalised to the merely avantgarde, or difficult and less popular areas of arts provision.

The second suggestion was that private funding should be "pooled", Companies, for example, would pay their contributions to a foundation or agency, which would then undertake the distribution of grants. Peter Betts, Cultural Secretary of the City of Bern, argued that this would provide more continuity and better "public" control and co-ordination of private funds. The German foundation *Kulturkreis* operated in this way. But, this was to turn sponsorship and patronage into subscriptions. The evidence was very clear at Rüschlikon that donors strongly preferred the direct sponsorship approach. Increasingly, those contributing funds to the arts wished to know what their money is to be used for, and what return they will receive. Such considerations are as much a growing feature of public as of private funding. Indirect funding through a pool would give less satisfaction to sponsors and donors, and was likely to reduce the flow of private funding.

Encouragement

The workshop then considered how governments can best encourage private contributions to the arts. Apart from exhortation, governments typically make use of the tax system to this end. The workshop looked at the great diversity of tax regulations across Europe[4]. Most countries provide tax incentives for charitable contributions, usually in the form of annual deductibility, but covenants are used in the UK, Ireland and Denmark. Sponsorship in most countries can also be treated as a business expense. The French government had recently taken specific steps to improve the tax incentives for both patronage and sponsorship contributions to the arts. It was impossible to draw firm conclusions on the role of deductibility in encouraging private funding of the arts. IBM argued that tax advantages were not a principal reason for engaging in sponsorship and it undertook some projects in difficult countries (Austria and Denmark) with no deductibility. The differences between countries in the levels of private support seem to lie less in the tax systems than in the traditions of public and private sector contributions to the arts. This is not to say that changes in the tax system, or in the interpretation of tax codes by tax inspectors, would not raise the level of contributions. Such changes were a necessary but not a sufficient condition for increasing the flow. The workshop was in favour of improving and, where necessary, simplifying the tax arrangements and their interpretation, in order to increase private contributions to the arts by individuals and by corporations.

This view was taken only after considering the argument that increases in "tax expenditures" result in the reduction of public control over spending, and that public support in the form of grants can be better targetted to the necessary areas of need than "donor-directed" tax expenditures.

The workshop thought that there was considerable merit in leaving decisions in this area as far as possible in the hands of individuals. Public officials and politicians dit not necessarily know best. The public interest could be adequately defended by monitoring and regulating the applicability of tax expenditures to specific areas (eg charitable institutions, or even narrower targets, like heritage projects, as recently instituted in Italy). It had been shown how tax systems could combine selectivity with the operation of tax deductibility as in the case of the selective acceptance of items offered as donations to public museums and galleries. It was also argued that tax expenditures are a good buy because they produce more resources for the arts in relation to a particular level of public expenditure than direct support. This trade-off between direct subsidy and fiscal incentives was an important issue. Though no attempt has been made to quantify the income or price elasticity of demand for giving as affected by the tax regulations, governments tend not to like the fact that tax expenditures narrow the tax-base. At a time of restraint in public expenditure, governments might no longer be able to afford both types of support, tax expenditures and direct subsidy, at least at the margin. Artists may well be asked to decide whether they prefer tax expenditures (with the greater inherent possibilities for increasing resources but less certainty about the quality and direction of contributions), or the familiar, secure but smaller grants. On this trade-off between grants and fiscal incentives, the workshop did not take a view.

Great interest was shown during the workshop in the British government's new *Business Sponsorship Incentive Scheme* (BSIS), which offers cash incentives for increasing sponsorship. Matching grants from a central government allocation are designed to attract new sponsors and to encourage existing sponsors to increase their spending. The scheme is administered on behalf of the government by ABSA. The grants are paid to arts organisations for new sponsorship projects related to the specific arts programmes and activities. The applications for the awards are agreed by both the sponsor and the arts body. In the first six months of the scheme, the awards totalled £ 0,5 million for £ 2,5 million of new sponsorship money. The scheme appeared to be a flexible and effective instrument for increasing corporate contributions to the arts, which might be developed to apply to a variety of artistic and financial purposes. It could be recommended to other governments.

Publicity

Unfortunately, the workshop could only touch briefly on the important matter of the publicity, given to sponsorship by the media. Governments could help by encouraging the broadcasters and the press, in reporting or relaying arts events, to give due acknowledgement to the fact that an event it sponsored. This would be helpful to the arts organisations in their efforts of increase private support.

4) J. M. Davidson Schuster, *Supporting the Arts: an international comparative Study*, National Endowment for the Arts, 1985.

Future

Finally, the workshop gave some thought to the future of sponsorship. All the sponsorship associations (ABSA, ADMICAL and SSVK) took the view that sponsorship will continue to expand. ADMICAL believed that France would see a doubling in two years. However, it is conceivable that, just as sponsorship came from sport to the arts, it might find additional new areas for extension (heritage, education, inner-city welfare). The business community could also lose interest in the arts. But the growing enthusiasm for sponsorship in the arts world should serve to sustain the increase in sponsorship in the short term, though it will at the same become more competitive. As it spreads to more countries and diffuses to the regions and smaller companies, sponsorship seems set to achieve greater significance. On the other hand, in the longer term the educational effect of sponsorship in the business community may well precipitate a swing back to corporate patronage and the use of more name-associated foundations for giving to the arts.

Conclusion

Thus, the Rüschlikon workshop found no reason to revise the conclusions of the Munich workshop that the arts hat crossed a watershed and entered an era of "plural" funding. Implicit in this was a growing role for private funding, but it remained important to develop all potential sources of funds, public as well as private. The businessmen attending the workshop were amongst the strong voices in the plea that, even at a time of scarce resources, the arts should be exempted from public expenditure cuts, as a wealth creating part of the economy and as an improving and entertaining influence on the fabric of society. The variety of sources of private funding were noted by the workshop. In most cases these will be a supplement to public funds. The key to the success of sponsorship was that it had introduced a commercial rationale into cultural contributions. There was little to fear from the sponsor, providing good liaison was maintained with the other parts of the arts funding system. Governments should encourage the growth of private contributions, even at the risk of causing new imbalances in the system of arts funding. The matter would not be to the disadvantage of the arts as a whole, and the plural approach meant that varied arrangements were desirable. Some of the most valuable benefits from other parts of the arts funding system, some of the most valuable benefits from the growth in private funding, including sponsorship, were non-pecuniary, in the contribution they made to the development of self-reliance and independence in the arts. The workshop also recognised the continuing responsibility of business in the community, the evident synergy between the arts and business, the economic implications of the arts with regard to jobs and the role that firms play in fostering cultural development. Though less was said at Rüschlikon on private individual giving, another consequence of an era of "plural" may well prove to be an enlarged role for private individual contributions (large and small) to the arts and by that road the achievement of a new form of "cultural democracy".

NEWS

VIENNA

A mass media policy for Europe

Ministers responsible for mass media policy in the twenty-one Council of Europe countries, Finland and the Holy See met for the first time in Vienna last December to discuss the future of television in Europe. They have moved towards an agreement to create the first legally binding convention, under the auspices of the Council of Europe, to regulate broadcasting standards across the continent. The Europe-wide rules would provide a legal framework for satellite television throughout the geographical area covered and deal with problems of copyright, standards for both programmes and advertising.

The Ministers also resolved to increase production and screening of European programmes, to avoid a flood of imports as cable and satellite services expand and to explore ways of raising coproduction money by sponsorship and a private European stock exchange for companies operativing in this field.

It was also generally agreed that the Council of Europe, with its broad membership and its commitment to human rights and European cultural values, is the most appropriate institution for shaping a European audiovisual area and implementing a coherent mass media policy.

A consensus was reached to maintain public service broadcasting and provide a full range of high quality television programmes catering for general and minority tastes.

The Conference believed that the new private television consortia could help to increase programme choice but that the private sector must develop in harmony with public service broadcasting and any monopolistic trends must be curbed.

Specific measures advocated by the Ministers to boost programme production include:

- public and private schemes to assist programme makers including independent producers for the production, marketing and distribution of programmes;
- fiscal incentives to boost private investment in programme production;
- transfrontier investment flows possibly through the creation of a private European stock-exchange for companies operating in this field;
- remuneration of authors, creators and other rights holders to stimulate creativity;
- joint ventures between the cinema and television industries;
- more research and development at European level into new technologies for audio-visual productions;
- common standards for satellite transmission, high definition TV, etc.;
- improved research and training for dubbing and subtitling.

Three basic documents were submitted to the Conference:

- a general introductory report on *the future of television in Europe* presented by the Austrian delegation;
- a report on *the promotion of audio-visual works* presented by the French delegation;
- a report on *public and private broadcasting in Europe* presented by the Swedish delegation.

A second Conference of the Ministers will be held in 1988 in Stockholm.

All the public conference documents including the adopted texts and a collection of Council of Europe recommendations in the media field are available on request from the Council of Europe Press Service, 67006 Strasbourg-Cédex, France.

FRANCE

Tax exemption measures: investment in audio-visual production

As in Canada and Australia, French companies and individuals are now able to invest in the programme and film industries. A series of measures designed to promote investment in film and audiovisual production was adopted by the French National Assembly in 1985.

The scheme offers several advantages:

— It is open to all. From 1985 onwards, individuals and companies may deduct from their net taxable income the total amount they invest in film and audio-visual production. These sums invested by specialist companies (the SOFICA — Sociétés de Financement des Industries Cinématographiques et Audiovisuelles) may not account for more than 50% of a film's budget. Such investments are frozen for five years.

— Shares in SOFICA companies bought by individuals or companies create an entitlement to a substantial tax deduction:
- for individuals, up to 25% of their income
- for companies, a deduction from their company tax of 50% of their investment, i.e. 25% reduction.

— Except for work not involving artistic creation like publicity work, news programmes, current affairs features, etc., *any film or audio-visual production* may benefit from these tax exemption measures.

— *Approval* in respect of a film will be automatic if the maker has obtained investment approval from the Centre National de la Cinématographie (CNC — National Cinematography Centre). For audio-visual production, CNC approval must be secured at least one month before shooting begins. It applies to audio-visual production undertaken by a company established in France; by personnel, authors and technicians who are French or nationals from countries of the European Economic Community (EEC); at least 50% of production expenditure is to be incurred in France. An audio-visual work that is *co-produced internationally* may be approved on the following conditions: that French financial participation is to account for at least 20% of the cost, and at least 20% of production expenditure must be spent in France. Participation by performing artists from France and EEC member states must correspond to the French and EEC financial contributions.

— The *producer* remains responsible for production. His financial contribution must remain equivalent to 15% of the film's budget. Sums invested under the tax exemption scheme may not exceed 50% of estimated expenditure.

— *SOFICA companies* must invest:
- either by subscribing to the capital of companies exclusively engaged in film-making or audio-visual production
- or by cash payments made through an association contract.

The share of a single person in a SOFICA company may not exceed the total capital.

Copyright

The Commitee on the Neighbouring Rights of Copyright, provided for in section 24 of the Act of 3 July 1985, held its first meeting in March 1987. It is made up of equal numbers of representatives of remuneration beneficiaries and phonogram users. The object of the meeting was to set the remuneration payable to producers in public places and for the broadcasting thereof.

The copyright act was passed by the National Assembly and Senate in Summer 1985 after lengthy consultation with authors, directors, performing artists and producers of accords and films. Conceived as an important instrument for the new economics of communication and the protection of culture industries, this act covers thus performers, producers of phonograms and videograms as well as radio and TV companies.

A summary of the main provisions are given below:

For all beneficiaries

— recognition of the right of creators and producers of a work to authorise its propagation by satellite and cable;

— payment for home taping of musical works and films, for the benefit of authors, performing artists and producers of records and audio-visual material;

— more vigorous efforts to combat sound and video piracy and failure to observe the periods in which cinema operators are protected;

— payment for records used on the radio and in public places, for the benefit of performing artists and record producers.

For performing artists

— recognition of the right of performing artists (singers, actors, musicians, dancers, etc.) to authorise use of their performance of a work, thereby allowing them by negotiation or otherwise by arbitration to receive additional reward. Amounts fixed by collective agreement are to be paid as wages, so giving performing artists better social protection.

SPACE IN EUROPEAN ART

TOKYO, 28 MARCH TO 14 JUNE 1987

Space in European Art is the first large-scale art exhibition mounted in **Japan** under the auspices of the Council of Europe. About a hundred masterpieces have been brought together at the **National Museum of Western Art in Tokyo** to illustrate the main places, periods, styles and protagonists of the plastic arts in Europe from the Classical Antiquity to the beginning of the 20th century.

These works — consisting mostly of paintings, but also scalptures, reliefs and engravings — have been collected by the most important European museums. The theme of space, or the different forms of representation of space was chosen as a unifying element running through the various periods and styles.

Another event, equally important highlighted this exhibition. Organised by the Japanese Art History Society, an *international conference* on *the expression of space in European and Far-Eastern art* was held from 2 to 4 April 1987 in Tokyo. The proceedings of the conference will be published later on in Japanese and English.

The *exhibition catalogue* prepared by the National Museum of Western Art in Japanese and in English, contains not only articles describing each of the different sections of the exhibition but also a number of essays on the theme of space. Also for the understanding of the works displayed, the catalogue usefully provides a historical and critical background information.

For authors

- recognition of the right of film producers to be paid for every form of use by cinema, TV, cassette. In the case of cinemas payment is determined by the prices paid by the public;
- fixing, by negotiation or otherwise by arbitration, the reward for the creators of publicity material (photographers, graphic artists, illustrators) according to the multiple uses to which their work is put in publicity campaigns;
- strengthening of the personal rights of producers;
- transparency of authors' and producers' performing rights societies;
- lengthening the protection of musical rights from 50 to 70 years;
- reinforcement of authors' rights when their work is adapted for film or TV;
- protection of software by copyright.

For producers

- recognition of the right of record and film producers to authorise the various uses to which their work can be put;
- extension in the interests of producers of the presumption of transfer from the use of a film to any use of the audiovisual work;
- a right to control use of their programmes by third parties.

NETHERLANDS

The scheme of support to artists

For many years, the State in the Netherlands bought works of art of visual artists for sums superior to the usual social aid systems. This scheme of support to artist has recently been abolished.

The B.K.R. (Beeldende Kunst Regeling) issued in the Netherlands right after the war, was a set regulations specifically governing the visual arts. For over thirty years, the State has made monthly payments to about 3000 painters and sculptors who, in return, have placed their works at the disposal of the State. These works were available to the public in "art libraries", and they could be borrowed in the same way as books from a lending library. They were also exhibited in schools and public places.

SPONSORSHIP

At the request of the Council of Europe, Mr. Jacques de Chalendar, Inspector General of Finance, France, is carrying out a general survey of current regulations and practices in the twenty-three countries of the European Cultural Convention concerning private contributions to public cultural life.

To be published in French and in English the *European Sponsorship Guide* will contain the results of a questionnaire sent to all member countries. It will be one of the preparatory documents for the Fifth Conference of European Ministers responsible for Cultural Affairs (Lisbon, September 1987), whose theme is: "The economics and funding of culture".

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AUSTRALIA COUNCIL: *Corporate Support for the Arts. A Discussion Paper.* Series Occasional Papers. Published by the Policy and Planning Division of the Australia Council, Sydney, 1986, 31 pages.

Private support for the arts embraces several types of support provided by various sources such as corporate or business sector, individuals, foundations and non-profit organisations. This discussion paper focuses on corporate or business sector within which three types of support are dealt with: donations, sponsorship, ticket purchase.

The paper deals with some of the issues and questions facing arts organisations and arts authorities in Australia in regard to corporate support. Some of the issues raised by the discussion paper concern topics such as beneficiaries of corporate support beyond the arts, supporters and their forms of support, government views and Australia Council involvement, organisations involved in corporate sponsorship strategies and resources required to increase corporate support.

THROSBY, D.: *Occupational and Employment Characteristics of Artists.* Series Occasional Papers, School of Economic and Financial Studies, Macquarie University, Published by the Policy and Planning Division of the Australia Council, Sydney, 1986, 52 pp.

Published in the series "Occasional Papers", the present report prepared for the Australia Council focuses on the characteristics of artists as workers in a labour market that exists alongside labour markets for other skilled occupations. Comparisons are drawn between artists and workers in the labour force using Australian Bureau of Statistics (ABS) data. Undertaken as part of the Individual Artists Inquiry in 1983, another report, *The Artists in Australia Today,* presented the major empirical results of the survey *(Cultural Policy,* 3-4/84).

The author, David Throsby from the Macquarie University, compares in Section I artists and the overall workforce in respect of such characteristics as sex, age, education, etc. Then Section II looks at artists' incomes and their distribution, again in comparison to the workforce as a whole. Section III compiles data on training patterns by occupation. The last Section contains the results of some more detailed analyses of determinants of artists' incomes, working hours and success in finding employment. The eighteen tables included at the end of the report give statistical data on the various aspects of the topic.

TSCHOUMY, J.-A.: *Swiss experience of local radio as it relates to regional development.* Doc. CC-GP 10 (86) 10, Council of Europe, Strasbourg, 1986, 24 pp.

President of Local Radio and Television of Neuchatel, Switzerland, Jacques-André Tschoumy focuses his analysis on the contradictory development and conflicts of mass communication radio and neighbourhood radio in France and in Switzerland. Presenting this paper to the Council for Cultural Cooperation of the Council of Europe's Seminar on "Communication and regional development", the author aims to show that the local radio has a two-fold function: it reflects in many ways the regional development very faithfully but is at the same time an instrument of local development. The key is communication, asserts the author, communication of a "living" nature, and both cultural and democratic factors in the regions of Europe come into play.

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